

(Draft – Awaiting Formal Approval)  
**MINUTES OF THE**  
**PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**  
Wednesday, July 17, 2013 – 9:00 a.m. – Room 450 State Capitol

Members Present:

Sen. David P. Hinkins, Senate Chair  
Rep. Roger E. Barrus, House Chair  
Sen. Gene Davis  
Sen. Peter C. Knudson  
Sen. Ralph Okerlund  
Rep. Kay J. Christofferson  
Rep. Stephen G. Handy  
Rep. Lynn N. Hemingway  
Rep. John Knotwell

Rep. Merrill F. Nelson  
Rep. Curtis Oda  
Rep. Angela Romero  
Rep. John R. Westwood  
Rep. Ryan D. Wilcox

Staff Present:

Mr. Richard C. North, Policy Analyst  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Tracey Fredman, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

### **1. Committee Business**

Chair Barrus called the meeting to order at 9:04 a.m.

**MOTION:** Rep. Oda moved to approve the minutes of the June 19, 2013, meeting. The motion passed unanimously. Sen. Davis, Sen. Knudson, Rep. Hemingway, Rep. Romero, and Rep. Wilcox were absent for the vote.

### **2. Certified Natural Gas Station Infrastructure: Public Service Commission (PSC)**

Mr. Ron Allen, Chair, Public Service Commission, briefed committee members on the provisions of 2013 General Session S.B. 275, "Energy Amendments," which included direction to the PSC to initiate and conduct proceedings to explore and develop options and opportunities for promoting measures resulting in cleaner air. He stated that the PSC is also required to report to the committee and the Legislative Management Committee its findings and recommendations by September 30, 2013. Mr. Allen provided committee members with an update of the commission's work.

### **3. Extension of Natural Gas Lines in Rural Utah**

Staff distributed 2013 General Session S.B. 202, "Extensions of Natural Gas Lines."

Sen. Okerlund noted that the impetus for the bill is to find a way to accommodate the extension and construction of natural gas lines in rural areas of the state, which heretofore have been cost prohibitive. He said that Questar Corporation agreed with the proposal, but prefers to see accommodation within the existing framework of the corporation's policies, rather than through legislation.

Mr. Alan Roper, Commissioner, Millard County, spoke on the economic benefits that more weekly available, cost-effective natural gas would have in bringing new businesses to rural areas of the state.

Mr. Mike McCandless, Director, Economic Development, Emery County, discussed some potential funding sources that could be used to support the extension of natural gas lines.

Mr. Brad Markus, General Manager, Customer Service and Community Relations, Questar Gas, and Mr. Barry McCay, Vice President, Regulatory Affairs, Questar Gas, commented on some of the initiatives they are taking to make projects more affordable, including requests for proposals and a potential rate change. Mr. Markus and Mr. McCay responded to committee members' questions.

Sen. Okerlund noted that he would like to present draft legislation for committee support in the 2014 legislative session that would include the rate change proposed by Mr. Markus and Mr. McCay in addition to a revolving loan fund in order to support the extension of natural gas lines to rural Utah.

#### **4. Rural Telephone Company Competitiveness**

Staff distributed a letter from the PSC to the committee dated July 10, 2013, dealing with potential changes to the regulation of the Utah Universal Public Telecommunications Service Support Fund.

Ms. Kira Slawson, attorney, Utah Rural Telecom Association, Blackburn & Stoll, L.C., distributed a letter from the PSC to the committee dated July 10, 2013, dealing with potential changes to the regulation of the Utah Universal Public Telecommunications Service Support Fund. Ms. Slawson described telecommunications services provided by the association and the companies that make up the association, as well as the importance that federal and state Universal Service Funds are to the delivery of rural telephone service.

Mr. Matt Weller, President, All West Communications, and President, Utah Rural Telecom Association, discussed how the allocation of Universal Service Funds is determined and distributed to the state.

Ms. Michelle Beck, Director, Office of Consumer Services, commented on rural telecom competition.

Mr. Allen provided background and an overview of the contents of the PSC letter.

#### **5. Interstate Transmission Lines**

Mr. Allen commented on two proposed projects to construct high-voltage transmission line projects across the state, which are not designed to provide power to Utah, and how they could affect Utah. Mr. Allen noted that these projects create a new situation that the PSC has not dealt with before.

Mr. David Smith, Director of Engineering, TransWest Express, presented "A Transmission Solution for the Western Interconnection." Mr. Smith described the development of the project, its proposed route, and estimated economic benefits for Utah through the creation of jobs, increased tax revenues, and possible future Utah grid connection to the interconnection transmission lines near Delta. Mr. Smith responded to committee members' questions.

Mr. Robin Riggs, attorney, Duke-American Transmission Company, provided an overview of the Zephyr Power Transmission Project.

Committee discussion followed pertaining to how taxes would be assessed on transmission lines passing through but not connected to or delivering power to the Utah grid.

Ms. Rockwell noted that property taxes would be assessed by the State Tax Commission. She stated that the rate levied would not be a state tax rate, but it would be a local tax rate imposed by each jurisdiction in which the property is located.

**6. Other Items / Adjourn**

**MOTION:** Rep. Knotwell moved to adjourn the meeting. The motion passed unanimously. Chair Barrus adjourned the meeting at 11:15 a.m.